

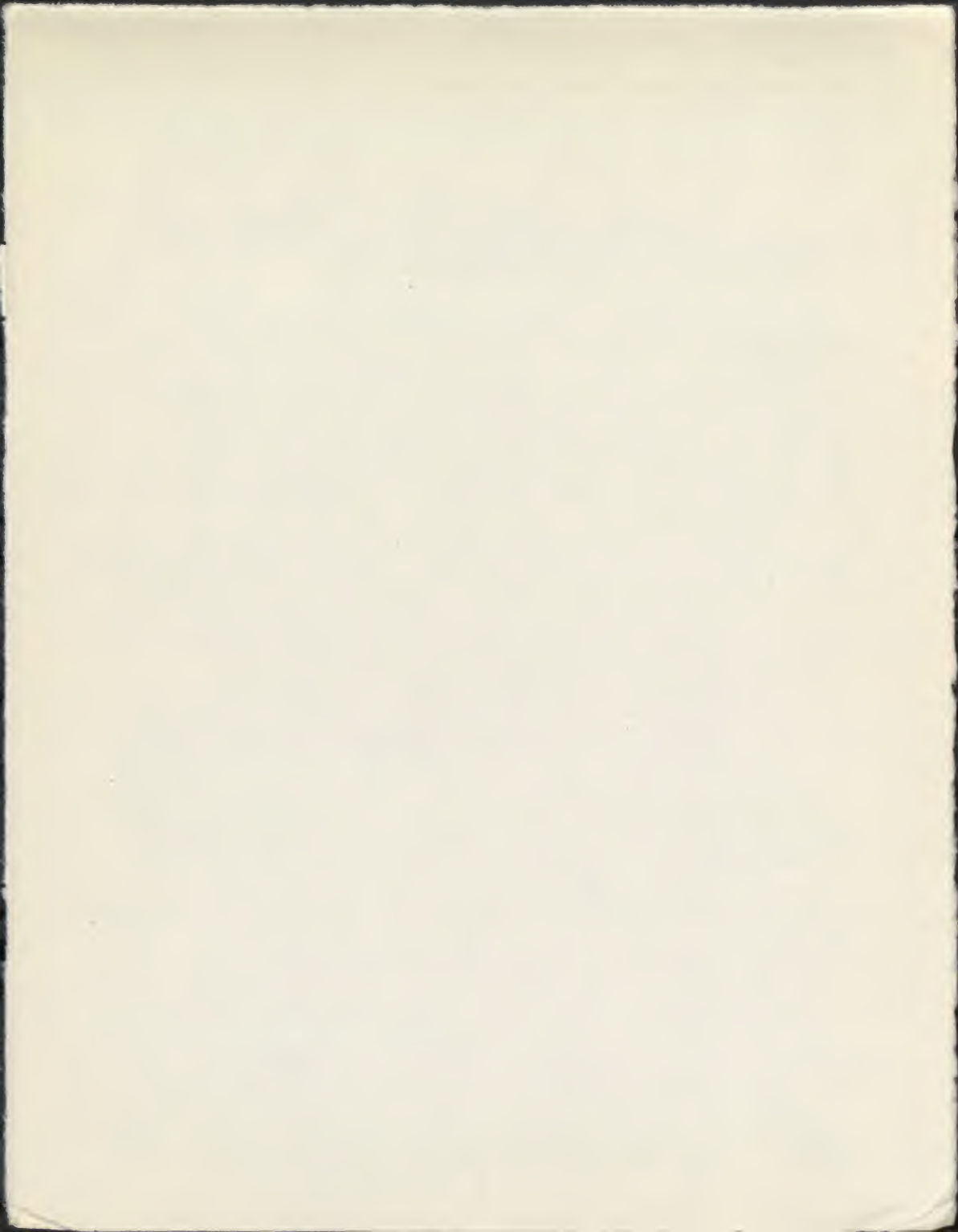
MONTGOMERY WARD
Eightieth Annual Report
Twelve Months Ended
January 31
1952

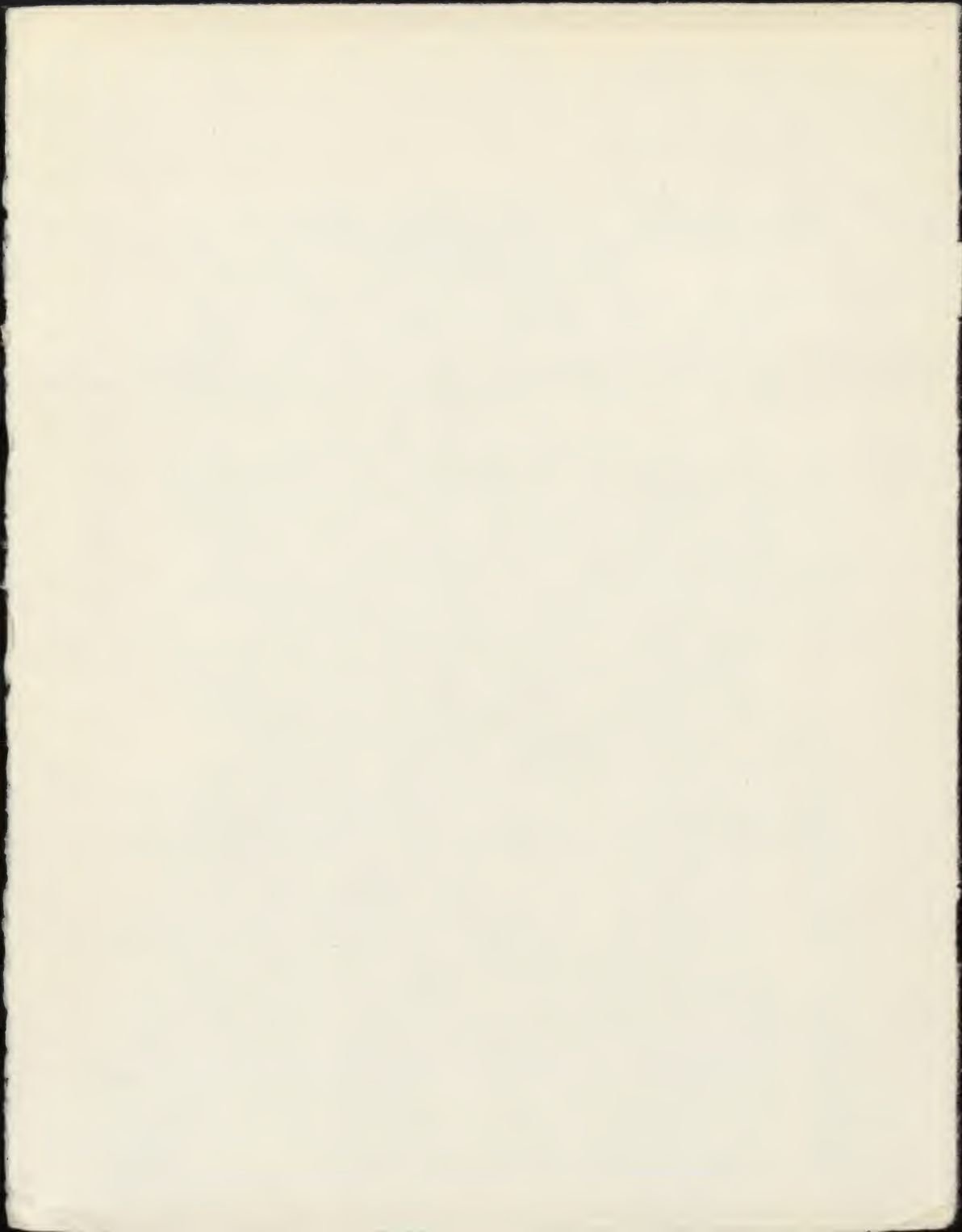
BOARDS

658.27

M2152

THE
LIBRARY OF THE
MUSEUM OF NATURAL HISTORY
AND
ZOOLOGY
OF THE
CITY OF LONDON
1871



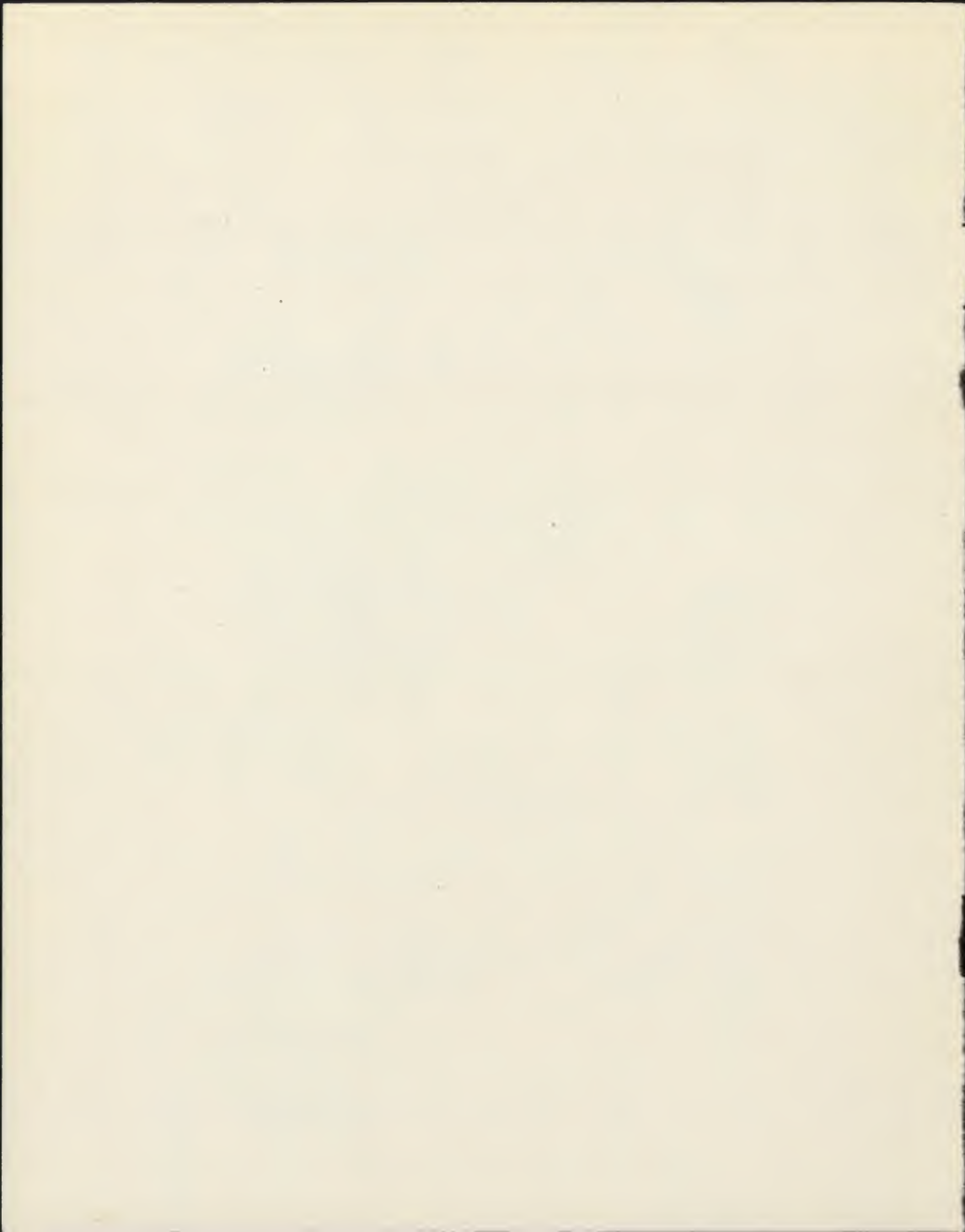


Montgomery Ward & Co.

INCORPORATED



Eightieth Annual Report
Twelve Months Ended
January 31, 1952



Chicago, March 26, 1952

To the Stockholders of

Montgomery Ward & Co.:

Net earnings for the year ended January 31, 1952 were \$54,342,330, compared with preceding year earnings of \$74,159,977. After deducting dividends paid on Class "A" stock, the earnings were equivalent to \$8.14 per share of common stock, compared with \$11.19.

Federal, state and local taxes for the year totalled \$71,323,000. Retroactive increases in the Federal income taxes passed by Congress late in the year again, as in 1950, reduced earnings. Federal income taxes took \$58,085,000, equivalent to \$8.93 per share. Federal taxes on payrolls and state and local taxes cost \$13,238,000, or \$2.04 per share. In addition to these direct taxes, the company was required to collect \$22,701,000 in taxes from its employees and

\$17,778,000 from its customers. The total amount of the taxes assessed against the company or collected by the company for Federal, state and local governments during the year amounted to \$111,802,000. These taxes and the cost of collecting them have pyramided to the point where, with the accompanying decline in value of the dollar, they have an adverse effect upon the operations of the company, its employees and its customers.

Sales for the year were \$1,106,157,077, representing a decline of \$64,304,724 or 5.5%. This decrease reflects the trend which began last June toward the more normal level of customer demand that prevailed prior to the Korean War.

Reflecting Federal credit regulations and a decline in customer demand for merchandise normally sold under time payment terms, time payment accounts decreased \$24,590,203, to \$166,870,461 at January 31st.

Improved availability of practically all lines of merchandise made it possible to reduce inventories

and commitments for merchandise to a lower level in relation to sales. Merchandise inventories were reduced \$5,597,979, to \$243,916,898. Commitments for the purchase of merchandise were reduced \$59,000,000, to \$89,000,000.

Cash and United States Government securities totalled \$245,653,444 on January 31st, or \$124,071,610 in excess of total current liabilities. During the year, net working capital increased \$34,956,187 to \$539,168,521, and the ratio of current assets to current liabilities at January 31st was 5.4 to 1.

Payments of cash dividends during the year amounted to \$20,918,012, which represented \$3.00 per share of common stock and \$7.00 per share of Class "A" stock. The book value of common stock increased \$5.14 per share, to \$85.34 on January 31st.

Respectfully submitted,

SEWELL AVERY,

Chairman of the Board

Montgomery

Balance Sheet—

Assets

Current Assets:

Cash.....	\$ 21,731,453	
U. S. Government securities (short term).....	223,921,991	
Receivables—		
Time payment accounts.....	\$ 166,870,461	
Other accounts.....	10,287,217	
	<u>\$ 177,157,678</u>	
Less—Reserves for doubtful accounts and collection expense.....	<u>23,852,271</u>	153,305,407
Merchandise inventories (priced at the lower of cost or market).....		243,916,898
Supply inventories and prepaid catalog costs..	<u>17,874,606</u>	
Total current assets.....		\$ 660,750,355

Properties and Equipment (at cost):

Land.....	\$ 6,511,861	
Buildings, fixtures and equipment.....	\$ 68,907,056	
Less—Depreciation reserves.....	<u>42,450,773</u>	26,456,283
Leasehold improvements (less amortization)...	<u>2,926,513</u>	35,894,657
		<u><u>\$ 696,645,012</u></u>

Ward & Co.

January 31, 1952

Liabilities and Stockholders' Investment

Current Liabilities:

Accounts payable.....	\$ 35,992,490	
Due customers.....	8,936,485	
Accrued expenses and insurance reserve.....	17,879,651	
Federal taxes on income.....	58,773,208	
Total current liabilities.....		\$121,581,834

Stockholders' Investment:

Class "A" Stock—

Authorized 205,000 shares of no par value, non-callable, \$7.00 per share cumulative dividends; issued 201,554 shares, stated at liquidating value.....	\$ 20,155,400	
---	---------------	--

Common Stock—

Authorized 10,000,000 shares of no par value; issued 6,502,378 shares, at stated value.....	211,231,385	
Reserve for possible future inventory price decline.....	26,000,000	
Earned surplus—representing earnings reinvested in the business.....	317,676,393	575,063,178
		<u>\$696,645,012</u>

Montgomery Ward & Co.

Statement of Earnings for the Years Ended January 31, 1952 and 1951

	1952	1951
Net Sales	<u>\$1,106,157,077</u>	<u>\$1,170,461,801</u>
Deductions:		
Cost of merchandise sold.....	\$ 744,656,449	\$ 783,455,233
Wages and salaries.....	171,123,283	170,497,571
Other expenses—net.....	49,517,681	49,047,614
Rents.....	12,000,281	12,114,975
Depreciation on buildings and equipment....	3,194,053	3,353,519
Property, social security, and state taxes....	<u>13,238,000</u>	<u>12,692,912</u>
Total costs and expenses.....	<u>\$ 993,729,747</u>	<u>\$1,031,161,824</u>
Earnings before taxes on income	\$ 112,427,330	\$ 139,299,977
Provision for Federal taxes on income (including excess profits taxes of \$2,295,000 and \$7,404,000 in the years ended January 31, 1952 and 1951, respectively).....	<u>58,085,000</u>	<u>65,140,000</u>
Net earnings	<u><u>\$ 54,342,330</u></u>	<u><u>\$ 74,159,977</u></u>

Montgomery Ward & Co.

Statement of Earned Surplus for the Years Ended January 31, 1952 and 1951

	1952	1951
Balance at beginning of year.....	\$284,252,075	\$237,512,488
Net earnings.....	<u>54,342,330</u>	<u>74,159,977</u>
Total.....	<u>\$338,594,405</u>	<u>\$311,672,465</u>
Cash dividends:		
Class "A" stock—\$7.00 per share.....	\$ 1,410,878	\$ 1,410,878
Common stock—\$3.00 per share for the year ended January 31, 1952; \$4.00 per share for the year ended January 31, 1951.....	<u>19,507,134</u>	<u>26,009,512</u>
Total.....	<u>\$ 20,918,012</u>	<u>\$ 27,420,390</u>
Balance at end of year.....	<u><u>\$317,676,393</u></u>	<u><u>\$284,252,075</u></u>

Montgomery Ward & Co.

Statement of Money Provided from Operations and its Disposition During the Years Ended January 31, 1952 and 1951

	1952	1951
Money Provided from Operations:		
Net earnings	\$54,342,330	\$74,159,977
Depreciation (charged against operations but not paid in cash)	3,194,053	3,353,519
Proceeds from sale of land and buildings	<u>215,327</u>	<u>392,175</u>
Total	<u><u>\$57,751,710</u></u>	<u><u>\$77,905,671</u></u>

Disposition of Money Provided:

Dividends paid	\$20,918,012	\$27,420,390
Additions and improvements to properties and equipment	1,877,511	2,767,032
Retained as additional working capital	<u>34,956,187</u>	<u>47,718,249</u>
Total	<u><u>\$57,751,710</u></u>	<u><u>\$77,905,671</u></u>

Auditors' Certificate

*To the Stockholders and Board of Directors,
Montgomery Ward & Co., Incorporated:*

We have examined the balance sheet of Montgomery Ward & Co., Incorporated (an Illinois corporation) as of January 31, 1952 and the related statements of earnings, surplus, and money provided from operations and its disposition for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of earnings, surplus, and money provided from operations and its disposition present fairly the financial position of the Company as of January 31, 1952, and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Chicago, Illinois
March 18, 1952

Montgomery

Comparative Balance

Assets

	1952	1951	1950	1949
Current Assets:				
Cash	\$ 21,731,453	\$ 25,173,757	\$ 24,779,549	\$ 21,151,543
U. S. Gov't securities	223,921,991	170,419,462	105,435,430	66,990,025
Receivables (net)	153,305,407	178,680,014	178,299,085	172,323,064
Inventories	261,791,504	266,168,601	242,165,933	278,548,307
Total current assets	<u>\$660,750,355</u>	<u>\$640,441,834</u>	<u>\$550,679,997</u>	<u>\$539,012,939</u>

Properties and

Equipment (net)	\$ 35,894,657	\$ 37,426,526	\$ 38,405,188	\$ 39,861,935
Total	<u>\$696,645,012</u>	<u>\$677,868,360</u>	<u>\$589,085,185</u>	<u>\$578,874,874</u>

Liabilities and Stockholders' Investment

Current Liabilities:

Accounts payable and accrued expenses	\$ 62,808,626	\$ 69,148,452	\$ 61,782,289	\$ 64,368,399
Federal taxes on income	58,773,208	67,081,048	32,403,623	46,477,088
Total current liabilities	<u>\$121,581,834</u>	<u>\$136,229,500</u>	<u>\$ 94,185,912</u>	<u>\$110,845,487</u>

Stockholders' Investment:

Capital stock	\$231,386,785	\$231,386,785	\$231,386,785	\$231,386,785
Reserve for possible future inventory price decline	26,000,000	26,000,000	26,000,000	26,000,000
Earned surplus	317,676,393	284,252,075	237,512,488	210,642,602
Total stockholders' investment	<u>\$575,063,178</u>	<u>\$541,638,860</u>	<u>\$494,899,273</u>	<u>\$468,029,387</u>
Total	<u>\$696,645,012</u>	<u>\$677,868,360</u>	<u>\$589,085,185</u>	<u>\$578,874,874</u>

Working Capital (current assets

less current liabilities)	\$539,168,521	\$504,212,334	\$456,494,085	\$428,167,452
---------------------------------	---------------	---------------	---------------	---------------

Ward & Co.

Sheets as of January 31

1948	1947	1946	1945	1944	1943
\$ 18,494,248	\$ 13,406,679	\$ 13,123,486	\$ 16,991,272	\$ 16,794,694	\$ 12,301,286
32,653,045	88,065,900	121,277,428	108,982,501	74,406,773	66,733,692
144,089,707	86,446,176	48,599,391	53,198,043	44,739,432	55,584,393
294,544,184	251,171,970	146,003,339	126,350,348	133,367,137	149,079,247
<u>\$489,781,184</u>	<u>\$439,090,725</u>	<u>\$329,003,644</u>	<u>\$305,522,164</u>	<u>\$269,308,036</u>	<u>\$283,698,618</u>
\$ 40,259,826	\$ 39,364,614	\$ 39,654,992	\$ 41,753,415	\$ 44,278,550	\$ 46,360,093
<u>\$530,041,010</u>	<u>\$478,455,339</u>	<u>\$368,658,636</u>	<u>\$347,275,579</u>	<u>\$313,586,586</u>	<u>\$330,058,711</u>
\$ 66,064,485	\$ 59,173,158	\$ 47,509,854	\$ 42,257,650	\$ 34,475,324	\$ 39,847,375
43,261,202	36,760,000	35,508,000	30,464,000	13,998,000	34,930,000
<u>\$109,325,687</u>	<u>\$ 95,933,158</u>	<u>\$ 83,017,854</u>	<u>\$ 72,721,650</u>	<u>\$ 48,473,324</u>	<u>\$ 74,777,375</u>
\$231,386,785	\$231,325,697	\$167,125,235	\$149,035,664	\$149,035,664	\$149,035,664
26,000,000	26,000,000	16,000,000	16,000,000	16,000,000	15,000,000
<u>163,328,538</u>	<u>125,196,484</u>	<u>102,515,547</u>	<u>109,518,265</u>	<u>100,077,598</u>	<u>91,245,672</u>
\$420,715,323	\$382,522,181	\$285,640,782	\$274,553,929	\$265,113,262	\$255,281,336
<u>\$530,041,010</u>	<u>\$478,455,339</u>	<u>\$368,658,636</u>	<u>\$347,275,579</u>	<u>\$313,586,586</u>	<u>\$330,058,711</u>
\$380,455,497	\$343,157,567	\$245,985,790	\$232,800,514	\$220,834,712	\$208,921,243

Montgomery

Comparison of Sales,

YEAR ENDED JANUARY 31	NET SALES	EARNINGS BEFORE TAXES ON INCOME	FEDERAL TAXES ON INCOME	NET EARNINGS
1952	\$1,106,157,077	\$112,427,330	\$58,085,000	\$54,342,330
1951	1,170,461,801	139,299,977	65,140,000	74,159,977
1950	1,084,436,065	78,352,898	30,565,000	47,787,898
1949	1,211,955,909	113,067,076	44,835,000	68,232,076
1948	1,158,674,514	100,865,066	41,815,000	59,050,066
1947	974,256,649	88,652,182	36,370,000	52,282,182
1946	654,778,682	57,632,025	34,700,000	22,932,025
1945	620,968,523	48,495,839	27,210,000	21,285,839
1944	595,932,821	31,722,098	11,045,000	20,677,098
1943	635,006,979	57,092,584	30,655,000	26,437,584
1942	632,708,657	53,226,716	25,875,000	27,351,716
1941	515,910,915	34,418,017	11,390,000	23,028,017
1940	474,882,032	33,660,645	6,650,000	27,010,645
1939	413,961,241	23,664,956	4,020,000	19,644,956
1938	414,090,544	24,710,029	5,500,000	19,210,029
1937	361,297,059	24,818,914	4,620,000	20,198,914
1936	293,042,357	16,527,310	3,000,000	13,527,310

Ward & Co.

Earnings, and Surplus

EARNINGS PER SHARE OF COMMON STOCK	DIVIDENDS		RESERVE FOR FUTURE INVENTORY PRICE DECLINE	EARNED SURPLUS	COMMON STOCKHOLDERS' INVESTMENT PER SHARE
	AMOUNT	PER SHARE OF COMMON STOCK			
\$ 8.14	\$20,918,012	\$ 3.00	\$26,000,000	\$317,676,393	\$85.34
11.19	27,420,390	4.00	26,000,000	284,252,075	80.20
7.13	20,918,012	3.00	26,000,000	237,512,488	73.01
10.28	20,918,012	3.00	26,000,000	210,642,602	68.88
8.86	20,918,012	3.00	26,000,000	163,328,538	61.60
7.83	19,601,245	3.00	26,000,000	125,196,484	55.74
4.12	11,845,172	2.00	16,000,000	102,515,547	50.89
3.81	11,845,172	2.00	16,000,000	109,518,265	48.76
3.69	11,845,172	2.00	16,000,000	100,077,598	46.95
4.79	11,845,172	2.00	15,000,000	91,245,672	45.07
4.97	11,845,172	2.00	5,000,000	82,653,260	41.50
4.14	11,845,172	2.00	—	72,146,716	38.53
4.91	11,845,172	2.00	—	60,963,871	36.38
3.50	9,236,598	1.50	—	45,798,398	33.48
3.41	11,832,663	2.00	—	35,390,040	31.48
4.12	19,318,175	4.00	—	28,012,674	29.98
2.65	2,469,036	—	—	27,131,935	28.46

Montgomery Ward & Co.

Directors

SEWELL AVERY, *Chairman*

STUART S. BALL

GEORGE A. EASTWOOD

JOHN A. BARR

PERCY B. ECKHART

PHILIP R. CLARKE

SOLOMON A. SMITH

DAVID A. CRAWFORD

MERLE J. TREES

Officers

SEWELL AVERY.....*Chairman, Board of Directors*

STUART S. BALL.....*President*

HERBERT RIEGELMAN.....*Vice-President*

JOHN C. WAGNER.....*Vice-President*

JAMES A. WEBBER.....*Vice-President*

ROY L. GEBERT.....*Vice-President*

CHESTER W. ANDERSON.....*Vice-President*

JOHN A. STRUGGLES.....*Vice-President*

ARTHUR R. CAHILL.....*Vice-President and Treasurer*

EDMUND A. KRIDER.....*Vice-President and Controller*

JOHN A. BARR.....*Vice-President and Secretary*

JOHN M. CLARK.....*Assistant Treasurer
and Assistant Secretary*

EDWARD H. COLLINS.....*Assistant Treasurer*

Transfer Agents

THE NORTHERN TRUST CO., CHICAGO, ILL.

J. P. MORGAN & CO. INCORPORATED, NEW YORK, N. Y.

Registrars

THE FIRST NATIONAL BANK OF CHICAGO, CHICAGO, ILL.

BANKERS TRUST COMPANY, NEW YORK, N. Y.



